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THE HEAVIER LAND TAX

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Criticism of present methods of taxation is not confined to the so-called single taxers, but the angle at which the followers of Henry George view the subject is different from that of the anti-single taxers. The former believe that there should be no taxation at all, and are restive under the designation, which for want of a better name, has been given them. The single tax, as they think of it, is not a tax at all, but merely the fiscal means for bringing about common ownership of land. If land, not owned by individuals, is permitted to pour its accumulating earnings into the lap of a receptive government, no one will have to pay any taxes. The opponents of the single tax, while acknowledging that our tax methods work injustice, do not admit that the remission of taxes would work the benefits claimed for it. So far as I am personally concerned I frankly say that if true democracy is to come it must be through the imposition of the cost of government upon every person in the community, apportioned to the benefits each receives. The burden of taxation, in other words, is the necessary equipment that each citizen needs, if he is to qualify in the race of life. The anti-single taxers would not relieve anyone of the burden of taxation; they would distribute it equitably, or as equitably as it can be distributed. The fact that no satisfactory scheme for this equitable distribution has yet been proposed, does not carry with it the conclusion that none can be found, or that not having found the right kind of a tax, there should be adopted the scheme for abolishing all taxes, and making land support the government.

I do not propose at this time to discuss the theoretical questions involved in the adoption of the single tax, or the doctrine of common property in land. These questions are important and are occupying a large place in current thought and discussion. I shall merely content myself with saying that as a practical matter, common ownership of land would in my opinion inevitably lead to higher rents than those which private landlords obtain, and for this reason if for no other, a system which covers into the public treasury

the entire ground rent of land would not materially benefit the people at large. But the particular purpose of this article is to set forth the facts, so far as they are available, relative to the operation of heavier land taxation in certain cities in northwestern Canada and the United States. The single taxers do not hope all at once to destroy the capital value of land by taking its entire earning capacity in taxation; they are looking forward toward a gradual increase in the land tax, a little this year, a little more next year, and so on, until the goal is finally reached. Whether or not they ever reach the goal depends on the results attending the operation of the gradual increase in the land tax, and we are now fortunately in a position where we may see and analyze these results in some localities.

The following cities in northwestern Canada have been experimenting with the heavier land tax for several years: Victoria, Calgary, Edmonton, Lethbridge, Medicine Hat, Regina, Moose Jaw, Saskatoon, Prince Albert, and Vancouver. Building permits in these cities for the years 1912 and 1913 show the following.

	1912	1913	1914
Vancouver.....	\$19,388,322	\$10,423,197	\$2,973,335—6 mos.
Victoria.....	8,208,155	4,037,992	1,572,190—4 mos.
Calgary.....	20,394,220	8,619,653	1,644,100—5 mos.
Edmonton.....	14,446,819	9,242,450	
Lethbridge.....	1,358,250	504,954	
Medicine Hat.....	2,798,764	3,850,082	
Regina.....	8,047,309	4,018,350	1,355,120—6 mos.
Moose Jaw.....	5,275,797	4,528,470	407,300—5 mos.
Saskatoon.....	7,640,530	4,452,845	301,950—5 mos.
Prince Albert.....	2,008,000	1,380,390	144,365—6 mos.

It will be noted that Medicine Hat alone shows an increase of building activity, while the rest indicate a remarkable decrease. These figures are instructive because they are quite the reverse of what the single taxers had led us to expect. For several years they have been pointing to Vancouver and the other cities as proof of what heavier land taxation would do to stimulate building. It is quite true that up to the year 1912 all these cities showed gains in buildings, and the single taxers claimed these gains for themselves. Now that the tide is ebbing we hear little or nothing about the land taxes in the Canadian cities. But how about other Canadian cities where they have no tax exemption of buildings?

Montreal increased its building permits from \$19,641,955 in 1912 to \$27,032,097 in 1913. Fort William increased from \$3,746,565 in 1912 to \$4,029,965 in 1913. Toronto in the same period showed only a small falling off—\$27,401,761 in 1912 and \$27,038,624 in 1913.

The same general tendency is shown in the bank clearings for the years 1912 and 1913. Of all the cities above enumerated where heavier land taxation is in operation the only one to show an increase in bank clearings in 1913 over 1912 is Regina. In Toronto, on the other hand, bank clearings increased from \$2,159,230,376 in 1912 to \$2,181,281,577 in 1913. In Montreal the increase was from \$2,844,368,426 in 1912 to \$2,880,029,101 in 1913. Fort William increased its bank deposits nearly \$9,000,000, while St. John fell off about \$6,000,000 in the same period.

The general conclusion to be drawn from these figures is that the heavier land tax has not kept the cities of northwestern Canada from feeling the effects of business depression, while other cities without such heavier land tax have, in the main, gone forward. We need seek no further for the reason why the single taxers have not been directing public attention to northwestern Canada since 1912. Commenting on this situation, Professor Bullock of Harvard said:

If the single tax, rather than the previous period of flush times, accounts for the increase in building operations from 1909 to 1912, it must accept the responsibility for the slump of 1913 and 1914. It is a poor kind of magic that can be used only to account for prosperity and proves useless in a season of adversity.

With the decline and fall of Vancouver and its sister cities as examples of what heavier land taxation would accomplish, the attention of the public was adroitly directed toward Houston, Texas, where a heavier land tax plan was put into effect in 1912. The finance and tax commissioner of Houston, J. J. Pastoriza, was a follower of Henry George, and a believer in the single tax. The figures furnished by Mr. Pastoriza and published widely in this country and foreign lands seemed to justify the claims that were made that Houston was benefiting greatly under the operation of the heavier land tax; but a careful examination of the facts shows that Mr. Pastoriza's figures are not correct. He claimed an increase in bank deposits in Houston of \$7,000,000 in 1913 over 1911. These figures he reached by taking the bank deposits of June, 1911, and comparing

them with the bank deposits of September, 1913. Had he taken the deposits of September, 1911 he would have found \$2,500,000 more in the banks than in June which was the active business period. Furthermore he neglected to include the deposits in the state banks in his 1911 figures while including them in his 1913 figures. As the net result of these two mistakes we find that he is more than \$5,000,000 out in his reckoning. In order that an accurate and valuable comparison may be made the same period in each year should be selected. If we take the September period we find the following bank deposits in Houston in the years 1909 and 1913 inclusive: 1909, \$27,707,497; 1910, \$31,256,000; 1911, \$36,550,000; 1912, \$41,424,000; 1913, \$38,112,000.

Examination of these figures discloses the fact that bank deposits increased over \$9,000,000 in the two years immediately preceding the adoption of Mr. Pastoriza's heavier land tax plan, and less than \$1,600,000 in the two years succeeding it. The value of the building permits issued in Houston in the first six months of 1913 was \$3,017,797, and in the first six months of 1914, it was \$2,067,574, a falling off of nearly one-third. There is surely nothing in these figures to justify the claims of the single taxers, and this may account for the sudden shutting off of the stream of news that flowed out of Houston up to six months ago. If there is any doubt about the utter absurdity of the single taxers' claims for what heavier land taxes will do it will easily be dispelled by comparing Houston with other cities in Texas which have not had such a tax. Fort Worth, Dallas and San Antonio have each fared better proportionally in growth and in bank deposits than has Houston since the latter city adopted Mr. Pastoriza's plan.

Irrespective of the theory of the single tax, or of the heavier land tax, it is clear that there is nothing in the late history of Houston or of the Canadian cities on which to found a claim that a heavier land tax has beneficial results, or is an improvement over our present system of taxation. Granting that our present system is defective, it seems clear that the heavier land tax is likewise defective, and that the real solution of this perplexing problem has not yet been brought forward.